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*Counsel for Mizuho Bank, Ltd., in its capacity
as HoldCo Term Loan Administrative Agent*

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

In re:

PG&E CORPORATION

-and-

**PACIFIC GAS AND ELECTRIC
COMPANY,**

Debtors

- ☐ Affects PG&E Corporation
- ☐ Affects Pacific Gas and Electric Company
- ☒ Affects all Debtors

**All papers shall be filed in the Lead
Case, No. 19-30088 (DM)*

Case No. 19-30088 (DM)
Chapter 11
(Lead Case)
(Jointly Administered)

**RESERVATION OF RIGHTS AND
LIMITED OBJECTION TO
CONFIRMATION OF DEBTORS' AND
SHAREHOLDER PROPONENTS' JOINT
CHAPTER 11 PLAN OF
REORGANIZATION, DATED MARCH
16, 2020**

Related Docket No. 6320

1 Mizuho Bank, Ltd., in its capacity as HoldCo Term Loan Administrative Agent
2 (“Mizuho”), by its undersigned counsel, hereby submits this reservation of rights and limited
3 objection to the Plan (defined below), and respectfully represents as follows:

4 1. On March 16, 2020, the Plan Proponents filed the *Debtors’ and Shareholder*
5 *Proponents’ Joint Chapter 11 Plan of Reorganization, Dated March 16, 2020* [Dkt. 6320]
6 (together with all schedules and exhibits thereto, and as may be modified, amended, or
7 supplemented, the “Plan”).¹ On March 17, 2020, the Court entered the *Order (I) Approving*
8 *Proposed Disclosure Statement for Debtors’ and Shareholder Proponents’ Joint Chapter 11 Plan*
9 *of Reorganization; (II) Approving Form and Manner of Notice of Hearing on Proposed*
10 *Disclosure Statement; (III) Establishing and Approving Plan Solicitation and Voting Procedures;*
11 *(IV) Approving Forms of Ballots, Solicitation Packages, and Related Notices; and (V) Granting*
12 *Related Relief* [Dkt. 6340].

13 2. The Plan currently provides in Section 4.3 that Class 3A – HoldCo Funded Debt
14 Claims (which includes HoldCo Term Loan Claims), are “unimpaired”, and shall receive:

15 In full and final satisfaction, settlement, release, and discharge of any
16 Allowed HoldCo Funded Debt Claim, except to the extent that
17 the Debtors or Reorganized Debtors, as applicable, and a holder
18 of an Allowed HoldCo Funded Debt Claim agree to a less
19 favorable treatment of such Claim, on the Effective Date or as
20 soon as reasonably practicable thereafter, each holder of an Allowed
21 HoldCo Funded Debt Claim shall receive Cash in an amount equal to
22 (i) the principal amount outstanding as of the Petition Date of such
23 holder’s HoldCo Funded Debt Claim plus all accrued and unpaid
24 interest owed as of the Petition Date at the non-default contract rate
25 plus (ii) *all interest accrued from the Petition Date through the*
26 *Effective Date at the Federal Judgment Rate.*

27 Plan at § 4.3 (emphasis added).²

28 3. On October 31, 2019, the Bankruptcy Court entered its *Order Establishing Pre-*
29 *Confirmation Briefing and Hearing Schedule for Certain Legal Issues* [Dkt. 4540] (the “PPI”
30

31 ¹ Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Plan.

32 ² The Plan Proponents have agreed to amend Section 4.3 to provide for (i) payment of fees and charges
33 and other obligations owed through the Effective Date, solely to the extent provided for under the
34 HoldCo Term Loan Agreement, and (ii) payment of postpetition interest through the payment date,
35 rather than the Effective Date. Mizuho reserves the right to object to the Plan should Section 4.3 not be
36 amended as such.

1 Issues”), pursuant to which the Bankruptcy Court scheduled oral argument and pre-argument
2 briefing on “whether the postpetition interest rate applicable to unsecured claims under any
3 chapter 11 plan of reorganization is the Federal Judgment Rate or some other rate, such as the rate
4 of interest under the applicable contract and/or other applicable state law[.]” Mizuho, among
5 other parties, participated in the briefing on the PPI Issues, contending that the applicable contract
6 rate should apply to unsecured claims, including to claims arising pursuant to the HoldCo Term
7 Loan. [Dkt. 4634].

8 4. On December 30, 2019, this Court issued the *Memorandum Decision Regarding*
9 *Postpetition Interest* [Dkt. 5226] (the “PPI Memorandum”), and on February 6, 2020 issued its
10 *Interlocutory Order Regarding Postpetition Interest* [Dkt. 5669] (the “PPI Order”). In summary,
11 this Court decided the PPI Issues and held that the federal judgment rate was applicable to
12 unsecured claims, including to HoldCo Term Loan Claims, and that payment of such postpetition
13 interest would not render such unsecured claims impaired under the Plan.

14 5. Mizuho and other parties filed appeals from the PPI Order and PPI Memorandum
15 [Dkt. 6059], and, in the alternative, sought leave to appeal. [Dkt. 6060]. On April 14, 2020, the
16 District Court denied the motions for leave to appeal. Case No. 20-cv-01493-HSG [Dkt. 62]. The
17 District Court held that the Court’s PPI Order was not a final appealable order and that the
18 appellants “can object [at the confirmation hearing], and thereafter file its appeal as of right to a
19 final order confirming the Plan, should one be entered.” [Dkt. 62, at 15].

20 6. Mizuho acknowledges that this Court has previously determined the PPI Issues in
21 the PPI Memorandum and PPI Order. However, in an abundance of caution and in order to
22 preserve its rights with respect to confirmation of the Plan, Mizuho (i) respectfully renews its
23 positions previously set forth [Dkt. 4634] that the HoldCo Term Loan Claims are impaired unless
24 paid in full, including postpetition interest at the contract rate, (ii) objects to the treatment
25 provided in the Plan for Class 3A - HoldCo Funded Debt Claims, on such grounds, and (iii)
26 reserves all rights, including the right to appeal from the confirmation order, based upon such
27 grounds.
28

1 WHEREFORE, Mizuho respectfully requests that the Court deny confirmation of the Plan
2 unless Class 3-A is paid in full, including postpetition interest at the contract rate.

3 Dated: May 15, 2020

STROOCK & STROOCK & LAVAN LLP

4
5 By: /s/ David W. Moon
David W. Moon

6 Mark A. Speiser (*admitted pro hac vice*)
7 Kenneth Pasquale (*admitted pro hac vice*)
Sherry Millman (*admitted pro hac vice*)

8 *Counsel for Mizuho Bank, Ltd., in its capacity as*
9 *HoldCo Term Loan Administrative Agent*

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/s/ David W. Moon

David W. Moon